

UNITED STATES DISTRICT COURT

for the

District of Minnesota

UNITED STATES OF AMERICA)

v.)

KARZIL RENALDO CANNEDY)

Case No. 14-MJ-366 (JSM)

CRIMINAL COMPLAINT

I, the undersigned complainant, being duly sworn, state the following is true and correct to the best of my knowledge and belief. On or about April 4, 2014, through on or about May 5, 2014, in Hennepin County, in the State and District of Minnesota, and in other counties and districts throughout the United States, defendant did knowingly and intentionally commit bank fraud, wire fraud, and access device fraud.

in violation of Title 18, United States Code, Section(s) 1029(a)(2) (access device fraud), 1343 (wire fraud), and 1344 (bank fraud).

I further state that I am a Special Agent and that this complaint is based on the following facts:

SEE ATTACHED AFFIDAVIT

Continued on the attached sheet and made a part hereof: ☒ Yes ☐ No



Complainant's signature

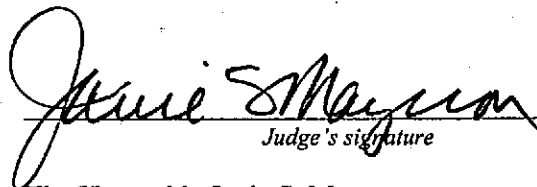
Joel Moore, Special Agent

Printed name and title

Sworn to before me and signed in my presence.

Date: 5/16/14

City and state: Minneapolis, MN



Judge's signature

The Honorable Janie S. Mayeron,
U.S. Magistrate Judge

Printed name and title

SCANNED

MAY 16 2014

U.S. DISTRICT COURT MPLS

STATE OF MINNESOTA)
)
COUNTY OF RAMSEY)

14-MJ-366 (JSM)

ss. AFFIDAVIT OF JOEL MOORE

Your affiant, Joel Moore, being first duly sworn, does state under oath that:

1. I have been employed by the City of Edina as a police officer for twelve years. I have four years of investigative experience conducting financial crimes investigations. I have received training and gained experience investigating all types of crimes including bank fraud, identity theft, wire fraud, access device fraud, and check forgery. I have investigated state and federal violations of law. I am currently assigned to the Minnesota Financial Crimes Task Force and have Special Federal Deputy US Marshal status as part of the United States Secret Service.
2. I have participated in and conducted criminal investigations of individuals involved in illegal activities. These investigations included interviewing witnesses, victims, suspects, and informants. Some of these investigations included physical surveillance and electronic surveillance of suspects. As a result of these investigations, I have drafted and executed numerous search warrants for documents, records, electronic items, etc. I have also drafted and executed search warrants for electronic data contained within electronic items, such as computers, cellular phones, and other electronic media storage devices.
3. The facts and information contained in this affidavit are based upon the review of reports, financial records, video surveillance, statements of cooperating witnesses and observations and those of other law enforcement officers involved in the investigation. All observations referenced below that were not made by me were relayed to me by the persons who made

such observations. This affidavit contains information necessary to support probable cause for the attached application for violations of 18 USC, sections 1029(a)(2) (Access Device Fraud), 1343 (Wire Fraud), and 1344 (Bank Fraud). It is not intended to include each and every fact and matter observed by me or known to your affiant.

3. Since 2009, members of the United States Secret Service (USSS) and Minnesota Financial Crimes Task Force (MNFCTF) have been investigating a network of individuals that are involved in various fraud schemes to ultimately defraud financial institutions and businesses of US Currency or other negotiable instruments. These schemes are committed through various means including the use of stolen identities, passing counterfeit, stolen and closed account checks through a network of check runners, and the use of bank insiders.

4. In September 2013, numerous Federal search warrants were executed in relation to this investigation titled Operation Avalanche. These search warrants targeted residences, vehicles, and people. One suspect in this investigation is Karzil Renaldo CANNEDY. Your affiant and other law enforcement officials have conducted physical surveillance, electronic surveillance, and interviewed CANNEDY. Your affiant and other law enforcement officials are very familiar with his appearance.

5. On April 23, 2014, members of the USSS and MNFCTF received information from Simple Finance Technology Corporation (SFTC) Risk and Compliance Officer B.M. regarding a significant spike in fraud in Minnesota and Illinois beginning in early April 2014. B.M. advised stolen customer debit card information was being used to conduct fraudulent transactions. B.M. reported the affected customer accounts are from all over the country and his company hasn't been able to identify a point of compromise. B.M. believes the customer

debit card information was possibly compromised through several of the recent data breaches such as Target and Michaels. Because SFTC customers still have physical possession of their debit cards, the card data being used by the suspects in this scheme is most likely being purchased through "black market" websites. Your affiant believes CANNEDY and others are purchasing this stolen card data and re-coding the magnetic strips of card stock, such as debit, credit, or gift cards with this stolen debit card data. The re-coded cards can then be used in retail transactions, drawing funds from the compromised accounts. Because it is not known what type of card stock is being used by the suspects, the cards are hereafter referred to as transaction cards.

6. Your affiant received a spreadsheet from SFTC Analyst R.O. containing victim information, debit card numbers, fraudulent transaction locations including dates, times and amounts. These transactions occurred in numerous cities in Minnesota and Illinois. Your affiant and other law enforcement officials contacted loss prevention from several businesses and requested assistance with obtaining video surveillance and copies of receipts.

7. Your affiant and other law enforcement officials reviewed video surveillance of some of the fraudulent transactions at several merchants located in Hennepin County and Ramsey County and identified CANNEDY and several known suspects conducting these fraudulent transactions with the stolen debit card account information.

8. On 04/05/14, CANNEDY is observed on video surveillance at Walgreens, 540 Blake Rd N, Hopkins, MN. CANNEDY conducts two separate transactions in the amounts of \$416.16 and \$504.95 using a transaction card drawing on an account ending in 6407. This stolen debit card account information belongs to real person J.B.

9. On 04/13/14, CANNEDY along with a known male suspect, and an unknown male suspect are observed on video surveillance at Walmart, 850 County Rd E, Vadnais Heights, MN. CANNEDY purchased an iPad in the amount of \$534.55. The unknown male suspect attempted to purchase an Xbox bundle, but the card he used was declined. CANNEDY then walks over to the unknown male and swipes a transaction card to complete the transaction in the amount of \$480.99. Both transactions were completed using a transaction card drawing on an account ending in 2976. This stolen debit card account information belongs to real person B.K. These transactions totaled \$1,015.54.

10. On 04/26/14, CANNEDY and an unknown male suspect are observed on video surveillance at Walgreens, 1585 Randolph Ave, St. Paul, MN. The unknown suspect attempts to purchase a Vanilla Visa gift card, but his card is declined. CANNEDY subsequently completes this transaction in the amount of \$403.69. CANNEDY makes another transaction and purchases another Vanilla Visa gift card totaling \$504.95. CANNEDY swipes the same transaction card for both transactions drawing on an account ending in 9909. The stolen debit card account information belongs to real person E.S. This same card data was used at a McDonalds in Chicago, IL on 04/23/14 and on 04/26/14 at other Walgreens locations in Plymouth, New Hope, and Crystal, MN. In total, there was \$3,788.67 in fraudulent charges drawing on the account ending in 9909.

11. Your affiant has reviewed additional video surveillance from other fraudulent transactions and identified CANNEDY and other known suspects using stolen debit card account information of other victims.

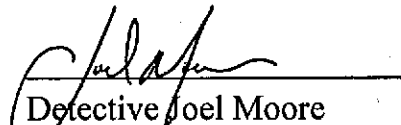
12. Your affiant continues to be in daily contact with SFTC representatives and provided daily updates of the on-going fraud in Minnesota and Illinois. SFTC has identified over 60 victim accounts tied to this fraudulent scheme. SFTC has documented losses of \$54,847.91 in Minnesota since 04/05/14 and \$20,584.12 in Illinois since 04/24/14.

13. Your affiant spoke to SFTC Risk and Compliance Officer B.M. and confirmed the funds on deposit associated with the stolen debit card account data are FDIC insured through The Bancorp Bank.


14. Based on the facts contained in this affidavit, your affiant believes that there is probable cause to believe that Karzil Renaldo CANNEDY, committed violations of 18 U.S.C., sections 1029(a)(2) (Access Device Fraud), 1343 (Wire Fraud), and 1344 (Bank Fraud).

Further your Affiant sayeth not

Dated:


Detective Joel Moore
Edina PD / MNFCTF

Subscribed and Sworn to Before Me
This 16th Day of May, 2014


Jenni S. Mayson
U.S. Magistrate Judge